

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2011-49-E - ORDER NO. 2011-390
MAY 24, 2011

IN RE: South Carolina Electric & Gas Company's)	ORDER APPROVING
Annual Update on Demand Side)	UPDATE TO DSM RATE
Management Programs and Petition for an)	RIDER
Update to Rate Rider)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition by South Carolina Electric & Gas Company (“SCE&G” or the “Company”) to update its Demand Side Management Rate Rider (“Rate Rider”) as allowed by Order No. 2010-472 (July 15, 2010) in Docket No. 2009-261-E. Under Order No. 2010-472, SCE&G may recover certain expenses and lost revenues as well as certain incentives for its approved Demand Side Management (“DSM”) programs, all subject to an annual true-up. SCE&G made its annual true-up filing in the current Docket on January 31, 2011, and presented the results to the Commission on April 28, 2011.

Specifically, the Company shows program costs of \$1,770,706 to be amortized over five years with unrecovered balances bearing carrying costs at the Company’s weighted average cost of capital. Accordingly, SCE&G proposes that it be allowed to recover \$354,142 for the annual recovery period.

Added to program costs, the net lost revenues the Company proposes to recover during the annual recovery period have been calculated at \$6,320,207, which reflects the

forecasted level of customer participation in each DSM measure for the reporting period and the reduction in demand charges and MWH sales projected to occur.

Last, the shared savings incentive for the reporting period has been estimated at \$1,813,020, which is based on net program benefits the Company expects through November 2011 to be trued up in the January 2012 annual filing. The shared savings incentive is amortized over five years without interest or carrying costs. Accordingly, SCE&G proposes that it be allowed the opportunity to recover \$362,604 for the annual recovery period.

In sum, the total that SCE&G proposes to recover under the Rate Rider for the annual recovery period is \$7,036,953, resulting in a billing factor for the Residential Customer Class of \$0.00044/kWh, for the Small General Service Customer Class of \$0.00085/kWh, for the Medium General Service Customer Class of \$0.00022/kWh, and for the Large General Service Customer Class of \$0.00008/kWh. These rates are based on the actual program costs incurred through November 30, 2010, and the projected net lost revenues and shared savings incentive for the period December 2010 through November 2011.

The Company states that only two DSM programs have been opened up to applications or participation by the close of the reporting period and those programs had only been in operation for a short time before the reporting period ended. For this reason, SCE&G further states that it has not yet measured the impact of these programs on energy consumption and peak demand through its Evaluation Measurement & Verification (“EM&V”) process. Since no EM&V results have been generated for the

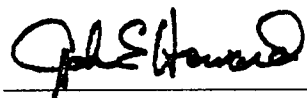
current programs, the incentive calculation is based on estimated values of program amounts through November 2011 and will be trued up in the next annual filing.

The Office of Regulatory Staff (“ORS”) has reviewed this matter and recommends that we approve the updated DSM rate rider as requested. Additionally, the South Carolina Coastal Conservation League, a party in this Docket, supports SCE&G’s efforts.

We agree and approve the updated Rate Rider subject to true-up in SCE&G’s 2012 annual filing. These rates are to be put into effect without further notice or hearing as it does not require a determination of SCE&G’s entire rate structure or its overall rate of return.

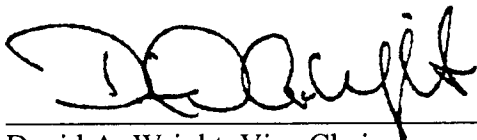
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)